

SENATE BILL REPORT

SB 6488

As Reported by Senate Committee On:
Energy, Environment & Technology, February 1, 2018

Title: An act relating to ticket sales over the internet.

Brief Description: Concerning ticket sales over the internet.

Sponsors: Senators Carlyle, Liias, Conway and Kuderer.

Brief History:

Committee Activity: Energy, Environment & Technology: 1/24/18, 2/01/18 [DPS-WM, w/oRec].

Brief Summary of First Substitute Bill

- Requires businesses reselling tickets to be licensed by the Department of Licensing (DOL).
- Requires licensees to keep full, accurate records for no less than ten years and to submit a report to DOL twice a year.
- Prescribes penalties.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TECHNOLOGY

Majority Report: That Substitute Senate Bill No. 6488 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Carlyle, Chair; Palumbo, Vice Chair; Hawkins, Hobbs, McCoy, Ranker, Sheldon and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senators Ericksen, Ranking Member; Brown.

Staff: Angela Kleis (786-7469)

Background: Washington Consumer Protection Act (CPA). The CPA declares that unfair and deceptive practices in trade or commerce are illegal. The CPA allows a person injured by an unfair or deceptive practice to bring a private cause of action for damages. The Office of

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the Attorney General may investigate and prosecute claims under the CPA on behalf of the state or individuals in the state.

DOL. DOL licenses certain businesses and professions, and may investigate complaints or reports of unprofessional conduct, hold administrative hearings, discipline, and fine licensees. In 2002, the Legislature consolidated disciplinary procedures for licensed businesses and professions under DOL in the Uniform Regulation of Business and Professions Act (Act). The Act provides standardized procedures for the regulation of businesses and professions and the enforcement of laws.

Ticket Sellers. Current ticket seller laws prohibit the use of software or sale of software that is advertised for profit with the express purpose to circumvent, thwart, interfere with, or evade a security measure, access control system, or other control or measure on a ticket seller's Internet website.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): License. A person, firm, or corporation that engages in the following business transactions must obtain a ticket reseller license from DOL:

- resale of tickets to a place of entertainment; and
- operation of an internet website that provides the mechanism for two or more parties to participate in a ticket resale transaction.

The license must be visible at each ticket reselling business location or on the ticket reselling website via hyperlink at all times.

The annual fee for a ticket reseller license is \$5,000. Applicants and licensees that demonstrate their business provides a service to facilitate ticket transactions without charging any fee, surcharges, or service charges above the established price on every transaction, except for delivery charges, are not required to pay the licensing fee.

Records. Licensees are required to keep full and accurate records showing:

- prices for all tickets the licensee has bought or sold; and
- complete contact information of the persons, firms, or corporations they have bought tickets from.

Licensees that sell tickets by means of an auction must maintain a record of the price when known, the number of tickets, and the types of seats offered through auction.

Records must be made available upon request to governing authorities such as the attorney general or DOL. These records must be kept for no less than ten years.

Twice annually, licensees must report to DOL the total number and average resale auction price of all tickets to each ticketed event.

Penalties and Enforcement. DOL may take certain actions against a person, applicant, or licensee, such as denying an application, revoking a license, or imposing a fine, if there is satisfactory proof of:

- violations of ticket reseller regulations, the Act, or any rule adopted by DOL regarding ticket reseller licenses;
- misstatement in a license application;
- engagement in fraud or fraudulent practices;
- demonstrated untrustworthiness or incompetence; or
- been convicted of a misdemeanor which, in the discretion of DOL, bears such a relationship to licensure to constitute a bar to licensure or renewal.

Upon complaint of any person or on its own initiative, DOL may investigate a ticket resellers business, business practices, or business methods related to licensing regulations. Each licensee must provide DOL with requested information during the course of the investigation.

The attorney general may bring action in the name of the state, or on behalf of person residing in the state, to restrain and prevent any act prohibited or declared to be unlawful regarding ticket reseller licenses. Any person who has been injured by a violation of ticket reseller regulations may bring an action in the person's names and seek up to \$500 per violation or actual damage, whichever is greater.

EFFECT OF CHANGES MADE BY ENERGY, ENVIRONMENT & TECHNOLOGY COMMITTEE (First Substitute):

- Extends effective date to December 31, 2018.
- Creates an account for the licensing fees to be deposited.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on December 31, 2018.

Staff Summary of Public Testimony on Proposed Substitute: *The committee recommended a different version of the bill than what was heard.* PRO: Anyone who has gone to a concert, the theatre, or to a ball game knows there is a problem with ticket bots sweeping up tickets then selling those tickets on both legitimate and less legitimate websites. This issue was addressed a couple years ago by giving the Attorney General's Office additional authority. This bill is an attempt get regulatory control over mass purchasing. This is a statewide and consumer protection issue.

Ticket bot sales are a problem impacting both consumers and businesses in Washington and throughout the country. This legislation will provide necessary information on who is doing business in Washington by requiring big sellers to keep records. This will help identify suspicious patterns and target bad actors.

OTHER: We are concerned that the 90 day effective date is too soon in order to get through the rulemaking to get the system set-up. An effective date of April 2019 would give us more

time to understand the regulatory structure requirements. Also, a common model is to have a dedicated account for monies to be deposited.

Persons Testifying: PRO: Senator Reuven Carlyle, Prime Sponsor; Yasmin Trudeau, Attorney General's Office.

OTHER: Beau Perschbacher, Department of Licensing.

Persons Signed In To Testify But Not Testifying: No one.